

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3504 - SB 3333

February 24, 2010

SUMMARY OF BILL: Authorizes the Tennessee Valley Authority (TVA) to be included within the definition of governmental electric system, as it relates to the Electric G&T Cooperative Act, for purposes of membership in the G&T cooperative. Includes, as a purpose of the G&T cooperative, entering into one or more contractual agreements with state or local government for making payments in lieu of taxes.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Local Revenue – Net Impact – Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

- Based on information provided by the Department of Revenue (DOR), any increase to state expenditures to make such changes would be considered not significant. DOR indicates that there could be a delay in payments which are made in lieu of taxes, but any such impact would be dependent upon the terms of the agreements made between local governments and the electrical cooperative.
- According to the Office of the Comptroller, this bill concerns property assessments and property taxation and will have no fiscal impact upon state or local government.
- According to the Tennessee Regulatory Authority, the Authority has no regulatory authority over these entities.
- Any net change to local government revenue is considered not significant because local governments are expected to negotiate for payments which are equal to any amount of taxes otherwise assessed and collected.

- There could be an increase to local government expenditures as a result of negotiating such agreements. However, any such increase is considered not significant because it is assumed that any local government jurisdiction desiring to enter into such an agreement with an electric cooperative would already employ the resources required for negotiation. Further, it is anticipated that there would be a limited number of such agreements statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a more compact, stylized script, followed by "W." and "White" in a more legible but still cursive style.

James W. White, Executive Director

/rnc